

STATE OF MICHIGAN



CANDICE S. MILLER, Secretary of State
MICHIGAN DEPARTMENT OF STATE
LANSING, MICHIGAN 48918-0001

BULLETIN

DATE: March 22, 1999
TO: Licensed Michigan Vehicle Dealers
FROM: Bureau of Automotive Regulation
SUBJECT: Guidelines for Creating and Maintaining Computerized Records

All licensed Michigan dealers may now keep records electronically instead of using a hardcover bound police book. Effective January 1, 1999, Public Act 384 changed the definition of police book to include "a record in a form prescribed by the Secretary of State." New car dealers who already have computerized records are no longer required to keep their records in a "wash-out" format and may keep separate computerized records for their new and used vehicle inventory.

Dealers may purchase record keeping software or design their own program to keep their records, provided the program meets the requirements described below:

REQUIRED RECORDS

All classes of dealers must capture the following data in their records:

- Stock Number
- Vehicle Description: VIN, Year, Make, Model, Body Style
- Title Number and an indication whether the title is a regular, salvage, or scrap title
- Name and Address of Seller
- Name and Address of Buyer
- Date of Purchase (acquisition)
- Date of Sale (disposal)

Used Vehicle Parts Dealers (Class C), Scrap Metal Processors (Class F), Foreign Salvage Vehicle Dealers (Class H), and Automotive Recyclers (Class R) must also record the vehicle's color with the vehicle description information.

Class C, H, and R dealers must also maintain their major component parts sale record in their police book or as an attachment. Dealers may link the major component parts sale record as an electronic subrecord to the police book using a common number or “key word” such as vehicle identification number or stock number.

New vehicle dealer, used vehicle dealer, and broker records must include the amount of any fee, commission, compensation, or other valuable consideration paid by the buyer or seller to a third party (broker) involved in a vehicle transaction. The broker’s name and dealer number must also be kept in the records of new and used vehicle dealers.

Many auctions and salvage pools that operate as “dealer only” already use a computerized combination broker fee agreement and purchase agreement form. These dealers may continue to use their current system provided their records can be accessed and printed by fields designated by the Department. The reporting requirements for all dealers are described below.

REPORTING REQUIREMENTS

All records must be kept for five years. Dealers who choose to keep electronic records must print a paper copy of the records of new entries at least once a week and have it available for BAR investigators. The printed copy must be cumulative and must be kept for five years. The electronic record **may** be kept for five years, but this is not required if computer storage space is limited.

The hard copy record must be printed in the following format: Stock number order first with all other fields either following or indented under the stock number. Other required fields are described above under the heading “Required Records.” The hard copy record may be printed on any size paper but it must be printed in a minimum of 10 characters-per-inch type, have no more than six horizontal lines per inch, and have one-half inch margins at the top, bottom, and sides.

Each record should contain a “remarks” area that will permit dealers to keep miscellaneous information about the vehicle. For example, remarks could include: the name of the auction if the vehicle was purchased at an auction; whether the title is a foreign title; and the new title number if the title was full and was surrendered for a resale title.

SECURITY FEATURES

Whether you purchase software or design your own program, it must contain certain security features. The program must assign an automated transaction code each time a new entry is created. The transaction code can be as simple as a numeric code starting with “1”. The program must also automatically record the current date each time an entry is created. This date is not the same as the “purchase date or acquisition date” field but is a separate date that will create a chronological history of the entry. Both the transaction code and the date must print on the paper copy of the records. The final security feature required is one that will prevent a record from being deleted. Once a record is created, it may be corrected or edited but must not be deleted.

The Department of State will not test, evaluate, or recommend software. Dealers are responsible for meeting the record keeping and reporting guidelines. Questions about these guidelines should be directed to the Bureau of Automotive Regulation at (517) 373-9081.